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TOWN OF GIBSLAND, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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Release Date 2-9-00

TOWN OF GIBSLAND, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Gibsland as of and for the two years ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the *Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Gibsland as of June 30, 1999, and the results of its operations and the changes in fund balances and for the two years then ended in conformity with generally accepted accounting principles.



William D. Edwards, CPA
November 19, 1999

TOWN OF GIBSLAND
Combined Balance Sheets - All Fund Types and Account Groups
For the Year Ended June 30, 1999

| | Governmental Fund Type General Fund | Proprietary Fund Type Water Fund Sewer Fund | | General Fixed Asset Account Group | (Memo) Totals |
|--|--|---|-------------------------|---|---------------------------|
| ASSETS | | | | | |
| Unrestricted assets: | | | | | |
| Cash and equivalents | \$47,878 | \$40,370 | \$50,762 | | \$139,010 |
| Accounts receivable | 1,586 | 11,275 | 13,546 | | 26,407 |
| Due from other funds | 17,265 | 107,176 | 18,800 | | 143,241 |
| Property, plant, and equipment | | 1,120,561 | 1,162,307 | \$228,068 | 2,510,936 |
| Accumulated depreciation | | (450,732) | (384,324) | | (835,056) |
| Total unrestricted assets | <u>66,729</u> | <u>828,650</u> | <u>861,091</u> | <u>228,068</u> | <u>1,984,538</u> |
| Restricted assets: | | | | | |
| Cash - customer deposits | | 3,948 | | | 3,948 |
| Cash - FmHA requirements | | 78,098 | 30,702 | | 108,800 |
| Total restricted assets | <u>0</u> | <u>82,046</u> | <u>30,702</u> | <u>0</u> | <u>112,748</u> |
| TOTAL ASSETS | <u><u>\$66,729</u></u> | <u><u>\$910,696</u></u> | <u><u>\$891,793</u></u> | <u><u>\$228,068</u></u> | <u><u>\$2,097,286</u></u> |
| Liabilities and Fund Equity | | | | | |
| Liabilities: | | | | | |
| Accounts payable and taxes payable | \$7,577 | \$3,714 | \$2,382 | | \$13,673 |
| Due to other funds | 40,488 | 28,396 | 74,644 | | 143,528 |
| Notes payable - current | | 11,000 | 8,000 | | 19,000 |
| Notes payable - long-term | | 337,000 | 399,113 | | 736,113 |
| Accrued interest | | 11,588 | 17,387 | | 28,975 |
| Customer deposits | | 3,948 | | | 3,948 |
| Total liabilities | <u>48,065</u> | <u>395,646</u> | <u>501,526</u> | <u>0</u> | <u>945,237</u> |
| Fund Equity: | | | | | |
| Investment in general fixed assets | | | | \$228,068 | 228,068 |
| Contributed capital - grants | | 595,763 | 443,739 | | 1,039,502 |
| Retained earnings: | | | | | |
| Reserved for debt retirements | | 78,003 | | | 78,003 |
| Unreserved | | (158,716) | (53,472) | | (212,188) |
| Fund balance - unreserved - undesignated | 18,664 | | | | 18,664 |
| Total fund equity | <u>18,664</u> | <u>515,050</u> | <u>390,267</u> | <u>228,068</u> | <u>1,152,049</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$66,729</u></u> | <u><u>\$910,696</u></u> | <u><u>\$891,793</u></u> | <u><u>\$228,068</u></u> | <u><u>\$2,097,286</u></u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenue, Expenditures, and
Changes in Fund Balances - General Fund
For the year ended June 30, 1999

| | |
|--|-------------------------------|
| REVENUES | |
| Occupational license | \$16,640 |
| Sales tax | 68,914 |
| Franchise fees | 17,481 |
| Tobacco tax and beer tax | 6,694 |
| Property tax | 36,190 |
| Fines and forfeitures | 10,952 |
| Interest income | 1,982 |
| Other income | <u>90</u> |
| TOTAL OPERATING REVENUES | 158,943 |
| EXPENDITURES | |
| General government | 53,741 |
| Public safety - police | 36,656 |
| Operations and maintenance - street | <u>26,900</u> |
| TOTAL EXPENDITURES | <u>117,297</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 41,646 |
| OTHER FINANCING SOURCE (USE) | |
| Operating transfer out | <u>(17,207)</u> |
| TOTAL OTHER FINANCING SOURCE (USE) | <u>(17,207)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE | 24,439 |
| FUND BALANCE (Deficit), BEGINNING | <u>(5,775)</u> |
| FUND BALANCE, ENDING | <u><u>\$18,664</u></u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Cash Basis - General Fund
For the year ended June 30, 1999

| | <u>Budget</u> | <u>General Fund</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------|-------------------------|---|
| REVENUES | | | |
| Occupational license | \$13,000 | \$16,640 | \$3,640 |
| Sales tax | 40,000 | 68,914 | 28,914 |
| Franchise fees | 18,000 | 17,481 | (519) |
| Tobacco tax and beer tax | 3,800 | 6,694 | 2,894 |
| Property tax | 29,500 | 36,190 | 6,690 |
| Fines and forfeitures | 6,000 | 10,952 | 4,952 |
| Interest income | | 1,982 | 1,982 |
| Other income | <u>36,000</u> | <u>90</u> | <u>(35,910)</u> |
| TOTAL OPERATING REVENUES | <u>146,300</u> | <u>158,943</u> | <u>12,643</u> |
| EXPENDITURES | | | |
| General government | 71,000 | 53,741 | 17,259 |
| Public safety - police | 40,800 | 36,656 | 4,144 |
| Operations and maintenance - street | <u>20,500</u> | <u>26,900</u> | <u>(6,400)</u> |
| TOTAL EXPENDITURES | <u>132,300</u> | <u>117,297</u> | <u>15,003</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 14,000 | 41,646 | 27,646 |
| OTHER FINANCING SOURCE (USE) | | | |
| Operating transfer out | <u>(14,000)</u> | <u>(17,207)</u> | <u>(3,207)</u> |
| TOTAL OTHER FINANCING SOURCE (USE) | <u>(14,000)</u> | <u>(17,207)</u> | <u>(3,207)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE | 0 | 24,439 | 24,439 |
| FUND BALANCE (Deficit), BEGINNING | <u>0</u> | <u>(5,775)</u> | <u>(5,775)</u> |
| FUND BALANCE, ENDING | <u><u>\$0</u></u> | <u><u>\$18,664</u></u> | <u><u>\$18,664</u></u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Cash Basis - General Fund
For the year ended June 30, 1998

| | <u>Budget</u> | <u>General Fund</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-------------------|-------------------------|---|
| REVENUES | | | |
| Occupational license | \$15,000 | \$14,365 | (\$635) |
| Sales tax | 41,750 | 52,597 | 10,847 |
| Franchise fees | 18,000 | 19,095 | 1,095 |
| Tobacco tax and beer tax | 4,300 | 6,713 | 2,413 |
| Property tax | 40,000 | 40,797 | 797 |
| Fines and forfeitures | 8,200 | 11,110 | 2,910 |
| Interest income | | 222 | 222 |
| Other income | <u>38,000</u> | <u>3,330</u> | <u>(34,670)</u> |
| TOTAL OPERATING REVENUES | 165,250 | 148,229 | (17,021) |
| EXPENDITURES | | | |
| General government | 87,250 | 42,829 | 44,421 |
| Public safety - police | 43,000 | 45,461 | (2,461) |
| Operations and maintenance - street | <u>20,500</u> | <u>21,535</u> | <u>(1,035)</u> |
| TOTAL EXPENDITURES | <u>150,750</u> | <u>109,825</u> | <u>40,925</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 14,500 | 38,404 | 23,904 |
| OTHER FINANCING SOURCE (USE) | | | |
| Operating transfer out | <u>(14,500)</u> | <u>(19,987)</u> | <u>(5,487)</u> |
| TOTAL OTHER FINANCING SOURCE (USE) | <u>(14,500)</u> | <u>(19,987)</u> | <u>(5,487)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES AND OTHER FINANCING USE | 0 | 18,417 | 18,417 |
| FUND BALANCE (Deficit), BEGINNING | <u>0</u> | <u>(24,192)</u> | <u>(24,192)</u> |
| FUND BALANCE, ENDING | <u><u>\$0</u></u> | <u><u>(\$5,775)</u></u> | <u><u>(\$5,775)</u></u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Proprietary Fund Type
For the year ended June 30, 1999

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>(Memo) Totals</u> |
|--|-------------------------|-------------------------|--------------------------|
| OPERATING REVENUES | | | |
| Fees | \$128,358 | \$88,041 | \$216,399 |
| Other income | | 1,028 | 1,028 |
| TOTAL OPERATING REVENUES | <u>128,358</u> | <u>89,069</u> | <u>217,427</u> |
| OPERATING EXPENSES | | | |
| Salaries and related benefits | 28,173 | 28,049 | 56,222 |
| Maintenance and repairs-plant | 1,347 | 9,055 | 10,402 |
| Insurance | | 1,508 | 1,508 |
| Chemicals | 182 | 11,989 | 12,171 |
| Sales tax | 4,857 | 200 | 5,057 |
| Depreciation | 28,996 | 25,826 | 54,822 |
| Legal and accounting | 1,000 | | 1,000 |
| Utilities | 15,370 | 3,476 | 18,846 |
| Telephone | 857 | 363 | 1,220 |
| Vehicle expense | 2,653 | 3,899 | 6,552 |
| Miscellaneous | 9,416 | 6,545 | 15,961 |
| Supplies | 7,879 | 20,971 | 28,850 |
| Equipment | 523 | | 523 |
| Other | | 12,536 | 12,536 |
| NSF checks and bank charges | | 278 | 278 |
| TOTAL OPERATING EXPENSES | <u>101,253</u> | <u>124,695</u> | <u>225,948</u> |
| Operating income (loss) | 27,105 | (35,626) | (8,521) |
| Nonoperating revenue (expenses) | | | |
| Interest income | 3,057 | 760 | 3,817 |
| Operating transfer in from General fund | | 17,207 | 17,207 |
| Grant | | 94,000 | 94,000 |
| Interest expense | (12,905) | (18,441) | (31,346) |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>(9,848)</u> | <u>93,526</u> | <u>83,678</u> |
| NET INCOME (LOSS) | 17,257 | 57,900 | 75,157 |
| FUND BALANCE, BEGINNING | <u>497,793</u> | <u>332,365</u> | <u>830,158</u> |
| FUND BALANCE, ENDING | <u><u>\$515,050</u></u> | <u><u>\$390,265</u></u> | <u><u>\$905,315</u></u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Cash Basis - Water Fund
For the year ended June 30, 1999

| | <u>Budget</u> | <u>Water Fund</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------|-----------------------|---|
| OPERATING REVENUES | | | |
| Fees | \$112,450 | \$128,071 | \$15,621 |
| Other income | 3,500 | | (3,500) |
| TOTAL OPERATING REVENUES | <u>115,950</u> | <u>128,071</u> | <u>12,121</u> |
| OPERATING EXPENSES | | | |
| Salaries and related benefits | 24,200 | 28,173 | (3,973) |
| Maintenance and repairs-plant | 1,000 | 1,347 | (347) |
| Insurance | 3,500 | | 3,500 |
| Chemicals | 450 | 182 | 268 |
| Sales tax | | 4,857 | (4,857) |
| Legal and accounting | | 1,000 | (1,000) |
| Utilities | 18,000 | 15,370 | 2,630 |
| Telephone | 1,300 | 857 | 443 |
| Vehicle expense | 4,000 | 2,653 | 1,347 |
| Miscellaneous | 1,000 | 2,568 | (1,568) |
| Supplies | 3,500 | 7,879 | (4,379) |
| Equipment | | 523 | (523) |
| Revenue bond | 41,000 | | 41,000 |
| TOTAL OPERATING EXPENSES | <u>97,950</u> | <u>65,409</u> | <u>32,541</u> |
| Operating income (loss) | 18,000 | 62,662 | 44,662 |
| Nonoperating revenue (expenses) | | | |
| Interest income | | 3,057 | 3,057 |
| Interest expense | (18,000) | (17,955) | 45 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>(18,000)</u> | <u>(14,898)</u> | <u>3,102</u> |
| NET INCOME (LOSS) | 0 | 47,764 | 47,764 |
| FUND BALANCE, BEGINNING | <u>0</u> | <u>497,793</u> | <u>497,793</u> |
| FUND BALANCE, ENDING | <u>\$0</u> | <u>\$545,557</u> | <u>\$545,557</u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Cash Basis - Water Fund
For the year ended June 30, 1998

| | <u>Budget</u> | <u>Water Fund</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------------------------------|-----------------|-----------------------|---|
| OPERATING REVENUES | | | |
| Fees | \$96,200 | \$129,708 | \$33,508 |
| Other income | 4,420 | 3,691 | (729) |
| TOTAL OPERATING REVENUES | <u>100,620</u> | <u>133,399</u> | <u>32,779</u> |
| OPERATING EXPENSES | | | |
| Salaries and related benefits | 22,000 | 23,203 | (1,203) |
| Maintenance and repairs-plant | | 255 | (255) |
| Insurance | 1,100 | 6,130 | (5,030) |
| Chemicals | 20 | | 20 |
| Legal and accounting | | 3,955 | (3,955) |
| Utilities | 15,000 | 15,569 | (569) |
| Telephone | 1,000 | 1,290 | (290) |
| Vehicle expense | 4,000 | 2,137 | 1,863 |
| Miscellaneous | 500 | 8,932 | (8,432) |
| Supplies | 2,000 | 13,232 | (11,232) |
| Equipment | | 2,054 | (2,054) |
| Revenue bond | 37,000 | | 37,000 |
| TOTAL OPERATING EXPENSES | <u>82,620</u> | <u>76,757</u> | <u>5,863</u> |
| Operating income (loss) | 18,000 | 56,642 | 38,642 |
| Nonoperating revenue (expenses) | | | |
| Interest income | | 2,944 | 2,944 |
| Interest expense | (17,000) | (16,662) | 338 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>(17,000)</u> | <u>(13,718)</u> | <u>3,282</u> |
| NET INCOME (LOSS) | 1,000 | 42,924 | 41,924 |
| FUND BALANCE, BEGINNING | <u>0</u> | <u>489,061</u> | <u>489,061</u> |
| FUND BALANCE, ENDING | <u>\$1,000</u> | <u>\$531,985</u> | <u>\$530,985</u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Cash Basis - Sewer Fund
For the year ended June 30, 1999

| | <u>Budget</u> | <u>Sewer Fund</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------|-----------------------|---|
| OPERATING REVENUES | | | |
| Fees | \$89,000 | \$88,041 | (\$959) |
| Other income | 50 | 1,028 | 978 |
| TOTAL OPERATING REVENUES | <u>89,050</u> | <u>89,069</u> | <u>19</u> |
| OPERATING EXPENSES | | | |
| Salaries and related benefits | 31,000 | 28,049 | 2,951 |
| Maintenance and repairs-plant | 5,000 | 9,055 | (4,055) |
| Insurance | 9,800 | 1,508 | 8,292 |
| Chemicals | 5,000 | 11,989 | (6,989) |
| Utilities | 6,000 | 3,476 | 2,524 |
| Telephone | 2,000 | 363 | 1,637 |
| Vehicle expense | 3,000 | 3,899 | (899) |
| Miscellaneous | 2,000 | 2,202 | (202) |
| Supplies | 18,000 | 20,971 | (2,971) |
| Other | 7,250 | 4,543 | 2,707 |
| NSF checks and bank charges | | 277 | (277) |
| TOTAL OPERATING EXPENSES | <u>89,050</u> | <u>86,332</u> | <u>2,718</u> |
| Operating income (loss) | 0 | 2,737 | 2,737 |
| Nonoperating revenue (expenses) | | | |
| Interest income | | 760 | 760 |
| Operating transfer in from General fund | | 17,207 | 17,207 |
| Grant | | 94,000 | 94,000 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>0</u> | <u>111,967</u> | <u>111,967</u> |
| NET INCOME (LOSS) | 0 | 114,704 | 114,704 |
| FUND BALANCE, BEGINNING | <u>0</u> | <u>332,365</u> | <u>332,365</u> |
| FUND BALANCE, ENDING | <u>\$0</u> | <u>\$447,069</u> | <u>\$447,069</u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Budget and Actual
Cash Basis - Sewer Fund
For the year ended June 30, 1998

| | <u>Budget</u> | <u>Sewer Fund</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------|-----------------------|---|
| OPERATING REVENUES | | | |
| Fees | \$79,000 | \$77,356 | (\$1,644) |
| Other income | 50 | 1,248 | 1,198 |
| TOTAL OPERATING REVENUES | <u>79,050</u> | <u>78,604</u> | <u>(446)</u> |
| OPERATING EXPENSES | | | |
| Salaries and related benefits | 27,000 | 23,100 | 3,900 |
| Maintenance and repairs-plant | 5,000 | 7,360 | (2,360) |
| Insurance | 8,800 | 4,593 | 4,207 |
| Chemicals | 4,000 | 5,835 | (1,835) |
| Utilities | 6,000 | 3,731 | 2,269 |
| Telephone | 1,000 | 440 | 560 |
| Vehicle expense | 2,000 | 2,253 | (253) |
| Miscellaneous | 2,000 | 6,547 | (4,547) |
| Supplies | 17,000 | 23,743 | (6,743) |
| Other | 6,250 | 1,414 | 4,836 |
| NSF checks and bank charges | | 216 | (216) |
| TOTAL OPERATING EXPENSES | <u>79,050</u> | <u>79,232</u> | <u>(182)</u> |
| Operating income (loss) | 0 | (628) | (628) |
| Nonoperating revenue (expenses) | | | |
| Interest income | | 528 | 528 |
| Legal and accounting - net | | 3,696 | 3,696 |
| Operating transfer in from General fund | | 19,987 | 19,987 |
| Grant | | 53,969 | 53,969 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>0</u> | <u>78,180</u> | <u>78,180</u> |
| NET INCOME (LOSS) | 0 | 77,552 | 77,552 |
| FUND BALANCE, BEGINNING | <u>0</u> | <u>305,294</u> | <u>305,294</u> |
| FUND BALANCE, ENDING | <u>\$0</u> | <u>\$382,846</u> | <u>\$382,846</u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
Statements of Cash Flows - Proprietary Fund Type
For the Year Ended June 30, 1999

| | | |
|---|----------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating Income | | (\$8,521) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | \$54,822 | |
| Increase in accounts receivable | (1,248) | |
| Increase in accrued interest | 11,297 | |
| Increase in accounts payable | 3,195 | |
| Increase in customer deposits | 50 | |
| Increase in interfund payable | 8,268 | |
| Increase in interfund receivable | <u>(6,622)</u> | |
| NET CASH (USED BY) OPERATING ACTIVITIES | | 61,241 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributed capital - CDBG | 94,000 | |
| Construction in progress | (93,791) | |
| Additions to Property, Plant, & Equipment | <u>(430)</u> | |
| NET CASH (USED BY) FINANCING ACTIVITIES | | (221) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Operating transfer | 17,207 | |
| Principal reductions | (23,952) | |
| Interest payments | (31,346) | |
| Interest income | <u>3,817</u> | |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | <u>(34,274)</u> |
| NET INCREASE IN CASH | | 26,746 |
| CASH AT BEGINNING OF YEAR | | <u>177,134</u> |
| CASH AT END OF YEAR | | <u><u>\$203,880</u></u> |
| SUMMARY | | |
| Operating account | | \$91,132 |
| Restricted | | <u>112,748</u> |
| | | <u><u>\$203,880</u></u> |
| Expenditures for interest - cash basis | | <u>\$17,955</u> |
| Expenditures for taxes - cash basis | | <u>\$5,365</u> |

See accompanying auditor's report and notes to the financial statements.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Gibsland, Louisiana, conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen), except for the Gibsland Housing Authority. Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund Accounting

The accounts of the Town of Gibsland are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and one broad fund category as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

PROPRIETARY FUNDS

Enterprise Fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

Fixed Assets Account Group - The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. *Donated fixed assets are stated at their estimated fair value on the date donated.*

General Long Term Debt - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities expected to be financed from Enterprise Funds. At June 30, 1999, the Town had no General Long-Term Debt.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principle and interest on long-term debt is recognized when due.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

Budgets And Budgetary Accounting

The Town adopted a budget for the fiscal year ended June 30, 1999 and June 30, 1999 for the General fund and both proprietary funds. The town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the May meeting, the town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year.

Advances to Other Funds

Amounts shown as "advances" to other funds are not expected to be available or spendable during the next accounting cycle. However, amounts designated as "due from other funds" are considered "available spendable resources."

Bad debts

Unpaid amounts for utility and sewer bills are generally not significant. The Town considers all debts to be collectible and does not write off any amounts.

Fixed Assets - Proprietary Fund

Depreciation of all exhaustible fixed assets used by the proprietary funds are charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful life using the straight-line method over the estimated useful lives of 5-40 years.

Compensated Absences

Accumulated vacation, sick pay and other employee benefits and pensions are not material and are therefore not accrued.

Memorandum only - total columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analyses. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF GIBSLAND
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 1999

B. CASH AND CASH EQUIVALENTS

The Town's cash at June 30, 1999, are categorized below to give an indication of the level of risk assumed by the Town at year end. Category 1 includes cash that is insured or registered, or securities held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered cash and investments, with securities held by the counter party or by its trust department or agent, but in the Town's name. Category 3 includes uninsured and unregistered cash and investments, with securities held by the counter party or by its trust department or agent but not in the Town's name. In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name, although balances so collateralized meet the requirements of state law.

| | 1 | Category 2 | 3 | Bank Balance |
|-------------------------|------------------|------------------|------------|------------------|
| Cash in bank | \$100,000 | \$127,876 | 0 | \$227,876 |
| Certificates of deposit | 23,882 | 0 | 0 | 23,882 |
| Total | <u>\$123,882</u> | <u>\$127,876</u> | <u>\$0</u> | <u>\$251,758</u> |

C. AD VALOREM TAXES

The Town considers ad valorem taxes receivable at December 31 and recognized income in the year of assessment.

For the year ended June 30, 1999, total taxes originally levied were \$20,301, of which approximately \$12,755 was assessed on residential property, \$4,708 was assessed on public service property, and \$2,838 was assessed on commercial property and dedicated entirely for general purposes.

For the year ended June 30, 1999, total taxes originally levied were \$17,798, of which approximately \$11,182 was assessed on residential property, \$4,128 was assessed on public service property, and \$2,488 was assessed on commercial property and dedicated entirely to the Sewer Proprietary Fund to pay off debt.

For the year ended June 30, 1998, total taxes originally levied were \$20,301, of which approximately \$11,819 was assessed on residential property, \$4,507 was assessed on public service property, and \$3,975 was assessed on commercial property and dedicated entirely for general purposes.

For the year ended June 30, 1998, total taxes originally levied were \$19,169, of which approximately \$11,161 was assessed on residential property, \$4,255 was assessed on public service property, \$3,753 was assessed on commercial property and dedicated entirely to the Sewer Proprietary Fund to pay off debt.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

Property Tax Calendar

| | |
|----------------------------------|-------------------|
| Assessment Date | June 30, 1998 |
| Levy Date | October 31, 1998 |
| Tax Bills Mailed | October 15, 1998 |
| Date Taxes Are Due | December 31, 1998 |
| Penalties and Interest Are Added | December 31, 1998 |
| Lien Date | January 15, 1999 |
| Anticipated Tax Sale | February 24, 1999 |

Assessed values are established by the Bienville Parish Tax Assessor each year.

D. FIXED ASSETS

A summary of the changes in fixed assets for the two years ended June 30, 1999, is shown below:

| | General Fixed Asset Account Group | | | | |
|------------------------|-----------------------------------|---------------------------------|----------|-------------------------------|-----------|
| | Land | Building and Improvements | Vehicles | Furniture and Equipment | Total |
| | Balance, June 30, 1997 | \$23,643 | \$45,515 | \$20,100 | \$138,810 |
| Additions - 1998 | | | | | 0 |
| Deletions - 1998 | | | | | 0 |
| Balance, June 30, 1998 | 23,643 | 45,515 | 20,100 | 138,810 | 228,068 |
| Additions - 1998 | | | | | 0 |
| Deletions - 1998 | | | | | 0 |
| Balance, June 30, 1999 | \$23,643 | \$45,515 | \$20,100 | \$138,810 | \$228,068 |

| | Proprietary Funds | | | |
|--------------------------|-----------------------------|-----------|-----------|-----------------------------|
| | Balance June 30, 1997 | Additions | Deletions | Balance June 30, 1998 |
| | Land | \$49,175 | | |
| Buildings | 7,935 | | | 7,935 |
| Sewer system | 1,016,360 | | | 1,016,360 |
| Water system | 911,811 | | | 911,811 |
| Equipment | 7,500 | | | 7,500 |
| Improvements | 142,460 | | | 142,460 |
| Vehicle | | 2,500 | | 2,500 |
| Construction in progress | | 50,906 | | 50,906 |
| | | 50,906 | | 50,906 |

See accompanying auditor's report.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

| | Proprietary Funds | | | Balance June 30, 1998 |
|-------------------------------|-----------------------------|------------------|--------------------|-----------------------------|
| | Balance June 30, 1997 | Additions | Deletions | |
| Subtotal | 2,135,241 | 53,406 | 0 | 2,188,647 |
| Less accumulated depreciation | (724,312) | (55,922) | | (780,234) |
| Total | <u>\$1,410,929</u> | <u>(\$2,516)</u> | <u>\$0</u> | <u>\$1,408,413</u> |
| | Balance June 30, 1998 | Additions | Deletions | Balance June 30, 1999 |
| Land | \$49,175 | | | \$49,175 |
| Buildings | 7,935 | | | 7,935 |
| Sewer system | 1,016,360 | | | 1,016,360 |
| Water system | 911,811 | | | 911,811 |
| Equipment | 7,500 | 430 | | 7,930 |
| Improvements | 142,460 | | | 142,460 |
| Vehicle | 2,500 | | | 2,500 |
| Construction in progress | 50,906 | 93,791 | | 144,697 |
| Subtotal | 2,188,647 | 94,221 | 0 | 2,282,868 |
| Less accumulated depreciation | (780,234) | (54,823) | | (835,057) |
| Total | <u>\$1,408,413</u> | <u>\$39,398</u> | <u>\$0</u> | <u>\$1,447,811</u> |
| | Water | Sewer | Total | |
| Land | \$49,175 | | \$49,175 | |
| Buildings | 7,935 | | 7,935 | |
| Sewer system | | \$1,016,360 | 1,016,360 | |
| Water system | 911,811 | | 911,811 | |
| Equipment | 7,930 | | 7,930 | |
| Improvements | 142,460 | | 142,460 | |
| Vehicle | 1,250 | 1,250 | 2,500 | |
| Construction in progress | | 144,697 | 144,697 | |
| Subtotal | 1,120,561 | 1,162,307 | 2,282,868 | |
| Less accumulated depreciation | (450,732) | (384,325) | (835,057) | |
| Total | <u>\$669,829</u> | <u>\$777,982</u> | <u>\$1,447,811</u> | |

See accompanying auditor's report.

TOWN OF GIBSLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 1999

E. LONG TERM DEBT - PROPRIETARY FUND

The following is a summary of long-term debt transactions for the Town for the two years ended June 30, 1999:

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|---------------------------|------------------|------------------|------------------|
| Balance, June 30, 1997 | \$370,000 | \$436,065 | \$806,065 |
| Principal payments - 1998 | (11,000) | (16,000) | (27,000) |
| Principal payments - 1999 | <u>(11,000)</u> | <u>(12,953)</u> | <u>(23,953)</u> |
| Balance, June 30, 1999 | <u>\$348,000</u> | <u>\$407,112</u> | <u>\$755,112</u> |

Notes payable at June 30, 1999, consists of one notes payable to the U.S. Department of Agriculture - Farmers Home Administration. The basic data on the notes is summarized below:

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|---------------------------|------------------|------------------|------------------|
| Loan 91-01 11/20/80 5.00% | \$310,000 | | \$310,000 |
| Loan 91-05 11/20/80 5.00% | 38,000 | | 38,000 |
| Loan 92-01 07/15/83 5.00% | | \$81,000 | 81,000 |
| Loan 92-02 07/15/83 5.00% | | 166,000 | 166,000 |
| Loan 92-03 11/20/80 5.00% | | 80,947 | 80,947 |
| Loan 92-06 08/08/85 6.75% | | <u>79,165</u> | <u>79,165</u> |
| Total | <u>\$348,000</u> | <u>\$407,112</u> | <u>\$755,112</u> |

F. Interfund Receivables and Payables

At June 30, 1999, interfund receivables and payables were as follows:

| | <u>Due From</u> | <u>Due To</u> |
|--------------------|---------------------|-------------------|
| General Fund | \$17,265 | \$40,488 |
| Sewer Utility Fund | 107,176 | 28,396 |
| Water Utility Fund | <u>18,800</u> | <u>74,357</u> |
| Total | <u>\$143,241</u> | <u>\$143,241</u> |

G. PENSION AND RETIREMENT PLAN

The Town does not provide pension or retirement plan benefits to any employee.

TOWN OF GIBSLAND
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 1999

H. ENTERPRISE FUNDS DEFICIT

The deficit in the Proprietary Fund retained earnings - unreserved is created mainly by depreciation. The deficits are expected to be removed in the subsequent years revenues.

I. PER DIEM PAYMENTS TO MAYOR AND ALDERMEN

The following is a schedule of per diem payments for the two years ended June 30, 1999:

| | June 30, 1999 | June 30, 1998 |
|-----------------------|---------------|---------------|
| Odell Key | \$1,180 | \$735 |
| Joe R. Youngblood, Jr | 500 | 350 |
| Dawson Anglin | 363 | 350 |
| Judy Shaffer | 125 | 213 |
| Mary Rochelle | 500 | 337 |
| Karl Pentecost | | 112 |
| Olen Jackson | 200 | |
| Travis Crawford | 325 | |
| Total | \$3,193 | \$2,097 |

J. RELATED ORGANIZATIONS

The Town has set up the Gibsland Housing Authority. That entity is a legally separate entity from the Town of Gibsland, which is not financially responsible for the Gibsland Housing Authority. For the two years ended June 30, 1999, there were no related party transactions.

K. PRIOR PERIOD ADJUSTMENT

The compilation report reissued for the year ended June 30, 1998, had a capital projects fund set up to record grant activity in progress. It has been determined that the grant is actually for the sewer fund. The June 30, 1998 balances are adjusted as follows:

| | Cash | General Fixed Assets |
|-----------------------------------|-----------|----------------------------|
| Capital Fund: | | |
| Balance, June 30, 1998 | \$3,063 | \$50,906 |
| Adjustment | (\$3,063) | (50,906) |
| Balance, June 30, 1998 - Adjusted | \$0 | \$0 |

TOWN OF GIBSLAND
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 1999

| | <u>Cash</u> | <u>Fixed Assets</u> |
|-----------------------------------|-----------------|---------------------|
| Sewer Fund: | | |
| Balance, June 30, 1998 | \$30,545 | \$1,016,360 |
| Adjustment | <u>3,063</u> | <u>50,906</u> |
| Balance, June 30, 1998 - Adjusted | <u>\$33,608</u> | <u>\$1,067,266</u> |

The Capital Projects fund has been deleted from this report.

L. YEAR 2000 COMPUTER SYSTEMS COMPLIANCE

The management of Town of Gibsland has reviewed the software systems and related applications used to assess its requirements regarding the "Year 2000 Issue" which, if unresolved, could have a significant impact on the Town's operations. The Town has made and will continue to make the expenditures necessary to ensure that its software systems and applications continue to function properly before, during, and after the year 2000. These expenditures, which are expensed as incurred, have not been and are not expected to be material to the Town's financial position or results of operations.

SUPPLEMENTAL INFORMATION SCHEDULES

TOWN OF GIBSLAND
Balance Sheet - General Fund
For the Years Ended June 30, 1999 and 1998

| | <u>June 30, 1999</u> | <u>June 30, 1998</u> |
|--|------------------------|------------------------|
| ASSETS | | |
| Cash and equivalents | \$47,878 | \$24,057 |
| Accounts receivable | 1,586 | 1,586 |
| Due from other funds | <u>17,265</u> | <u>15,906</u> |
| TOTAL ASSETS | <u><u>\$66,729</u></u> | <u><u>\$41,549</u></u> |
| Liabilities and Fund Equity | | |
| Liabilities: | | |
| Accounts payable and taxes payable | \$7,577 | \$6,836 |
| Due to other funds | <u>40,488</u> | <u>40,488</u> |
| Total liabilities | <u>48,065</u> | <u>47,324</u> |
| Fund Equity: | | |
| Fund balance (deficit) - unreserved-designated | <u>18,664</u> | <u>(\$5,775)</u> |
| Total fund balances | <u>18,664</u> | <u>(5,775)</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$66,729</u></u> | <u><u>\$41,549</u></u> |

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenue, Expenditures, and
Changes in Fund Balances - General Fund
For the Years Ended June 30, 1999 and 1998

| | <u>June 30, 1999</u> | <u>June 30, 1998</u> |
|-------------------------------------|------------------------|-------------------------|
| REVENUES | | |
| Occupational license | \$16,640 | \$14,365 |
| Sales tax | 68,914 | 52,597 |
| Franchise fees | 17,481 | 19,095 |
| Tobacco tax and beer tax | 6,694 | 6,713 |
| Fines and forfeitures | 10,952 | 11,110 |
| Interest income | 1,982 | 222 |
| Other revenue | 90 | 3,330 |
| TOTAL OPERATING REVENUES | <u>122,753</u> | <u>107,432</u> |
| EXPENDITURES | | |
| General government | 53,741 | 42,829 |
| Public safety - police | 36,656 | 45,461 |
| Operations and maintenance - street | 26,900 | 21,535 |
| TOTAL EXPENDITURES | <u>117,297</u> | <u>109,825</u> |
| OTHER FINANCING SOURCE | | |
| Operating transfer in | 18,983 | 20,810 |
| TOTAL OTHER FINANCING SOURCE | <u>18,983</u> | <u>20,810</u> |
| EXCESS OF REVENUE OVER EXPENDITURES | 24,439 | 18,417 |
| FUND DEFICT, BEGINNING | <u>(5,775)</u> | <u>(24,192)</u> |
| FUND BALANCE, ENDING | <u><u>\$18,664</u></u> | <u><u>(\$5,775)</u></u> |

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Balance Sheet - Water Fund
For the Years Ended June 30, 1999 and 1998

| | <u>June 30, 1999</u> | <u>June 30, 1998</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Unrestricted assets: | | |
| Cash and equivalents | \$40,370 | \$30,947 |
| Accounts receivable | 11,275 | 12,979 |
| Due from other funds | 107,176 | 85,145 |
| Property, plant, and equipment | 1,120,561 | 1,120,131 |
| Accumulated depreciation | <u>(450,732)</u> | <u>(421,735)</u> |
| Total unrestricted assets | 828,650 | 827,467 |
| Restricted assets: | | |
| Cash - customer deposits | 3,948 | 3,898 |
| Cash - FmHA requirements | <u>78,098</u> | <u>83,647</u> |
| Total restricted assets | <u>82,046</u> | <u>87,545</u> |
| TOTAL ASSETS | <u><u>\$910,696</u></u> | <u><u>\$915,012</u></u> |
| Liabilities and Fund Equity | | |
| Liabilities: | | |
| Accounts payable and taxes payable | \$3,714 | \$1,406 |
| Due to other funds | 28,396 | 43,125 |
| Notes payable - current | 11,000 | 11,000 |
| Notes payable - long-term | 337,000 | 348,000 |
| Accrued interest | 11,588 | 9,790 |
| Customer deposits | 3,948 | 3,898 |
| Total liabilities | <u>395,646</u> | <u>417,219</u> |
| Fund Equity: | | |
| Contributed capital | 595,763 | 595,763 |
| Retained earnings: | | |
| Reserved for Debt Retirements | 78,003 | 78,003 |
| Unreserved | <u>(158,716)</u> | <u>(175,973)</u> |
| Total fund equity | <u>515,050</u> | <u>497,793</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$910,696</u></u> | <u><u>\$915,012</u></u> |

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenues, Expenses, and
Changes in Retained Earnings - Water Fund
For the Years Ended June 30, 1999 and 1998

| | <u>June 30, 1999</u> | <u>June 30, 1998</u> |
|---------------------------------------|-------------------------|-------------------------|
| OPERATING REVENUES | | |
| Fees | \$128,358 | \$125,082 |
| Other income | | 3,691 |
| TOTAL OPERATING REVENUES | <u>128,358</u> | <u>128,773</u> |
| OPERATING EXPENSES | | |
| Salaries and related benefits | 28,173 | 23,203 |
| Office expenses | | 4,836 |
| Maintenance and repairs-plant | 1,347 | 255 |
| Insurance | | 6,130 |
| Chemicals | 182 | |
| Sales tax | 4,857 | |
| Depreciation | 28,996 | 30,305 |
| Legal and accounting | 1,000 | 3,955 |
| Utilities | 15,370 | 15,569 |
| Telephone | 857 | 1,290 |
| Vehicle expense | 2,653 | 2,137 |
| Miscellaneous | 9,416 | 3,157 |
| Supplies | 7,879 | 13,232 |
| Equipment | 523 | 2,054 |
| NSF checks and bank charges | | 200 |
| TOTAL OPERATING EXPENSES | <u>101,253</u> | <u>106,323</u> |
| Operating Income | 27,105 | 22,450 |
| Nonoperating revenue (expenses) | | |
| Interest income | 3,057 | 2,944 |
| Interest expense | (12,905) | (16,662) |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>(9,848)</u> | <u>(13,718)</u> |
| NET INCOME | 17,257 | 8,732 |
| RETAINED EARNINGS, BEGINNING | <u>497,793</u> | <u>489,061</u> |
| RETAINED EARNINGS, ENDING | <u><u>\$515,050</u></u> | <u><u>\$497,793</u></u> |

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Balance Sheet - Sewer Fund
For the Years Ended June 30, 1999 and 1998

| | <u>June 30, 1999</u> | <u>June 30, 1998</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Unrestricted assets: | | |
| Cash and equivalents | \$50,762 | \$33,607 |
| Accounts receivable | 13,546 | 10,594 |
| Due from other funds | 18,800 | 34,209 |
| Property, plant, and equipment | 1,162,307 | 1,068,516 |
| Accumulated depreciation | <u>(384,324)</u> | <u>(358,499)</u> |
| Total unrestricted assets | 861,091 | 788,427 |
| Restricted assets: | | |
| Cash - FmHA requirements | <u>30,702</u> | <u>25,035</u> |
| Total restricted assets | <u>30,702</u> | <u>25,035</u> |
| TOTAL ASSETS | <u><u>\$891,793</u></u> | <u><u>\$813,462</u></u> |
| Liabilities and Fund Equity | | |
| Liabilities: | | |
| Accounts payable and taxes payable | \$2,382 | \$1,495 |
| Due to other funds | 74,644 | 51,647 |
| Notes payable - current | 8,000 | 8,000 |
| Notes payable - long-term | 399,113 | 412,065 |
| Accrued interest | <u>17,387</u> | <u>7,888</u> |
| Total liabilities | <u>501,526</u> | <u>481,095</u> |
| Fund Equity: | | |
| Contributed capital | 443,739 | 349,739 |
| Retained earnings - unreserved | <u>(53,472)</u> | <u>(17,372)</u> |
| Total fund equity | <u>390,267</u> | <u>332,367</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>\$891,793</u></u> | <u><u>\$813,462</u></u> |

See accompanying auditor's report and notes.

TOWN OF GIBSLAND
Statement of Revenues, Expenses, and
Changes in Retained Earnings - Sewer Fund
For the Years Ended June 30, 1999 and 1998

| | <u>June 30, 1999</u> | <u>June 30, 1998</u> |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Fees | \$88,041 | \$75,387 |
| Other income | 1,028 | 948 |
| TOTAL OPERATING REVENUES | <u>89,069</u> | <u>76,335</u> |
| OPERATING EXPENSES | | |
| Salaries and related benefits | 28,049 | 23,100 |
| Office expenses | | 781 |
| Maintenance and repairs-plant | 9,055 | 7,360 |
| Insurance | 1,508 | 4,593 |
| Chemicals | 11,989 | 5,835 |
| Contract labor | 200 | 633 |
| Depreciation | 25,826 | 25,617 |
| Utilities | 3,476 | 3,731 |
| Telephone | 363 | 440 |
| Vehicle expense | 3,899 | 2,253 |
| Miscellaneous | 6,545 | 8,042 |
| Supplies | 20,971 | 23,743 |
| Other | 12,536 | |
| NSF checks and bank charges | 278 | 216 |
| TOTAL OPERATING EXPENSES | <u>124,695</u> | <u>106,344</u> |
| Operating Loss | (35,626) | (30,009) |
| Nonoperating revenue (expenses) | | |
| Interest income | 760 | 528 |
| Legal and accounting - net | | 3,996 |
| Operating transfer in from General fund | 17,207 | 19,987 |
| Grants | 94,000 | 53,969 |
| Interest expense | (18,441) | (21,400) |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>93,526</u> | <u>57,080</u> |
| NET LOSS | 57,900 | 27,071 |
| RETAINED EARNINGS, BEGINNING | <u>332,365</u> | <u>305,294</u> |
| RETAINED EARNINGS, ENDING | <u>\$390,265</u> | <u>\$332,365</u> |

See accompanying auditor's report and notes.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and Board of Aldermen
Town of Gibsland
Gibsland, Louisiana

I have audited the financial statements of the Town of Gibsland as of and for the two years ended June 30, 1999, and have issued my report thereon dated November 19, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

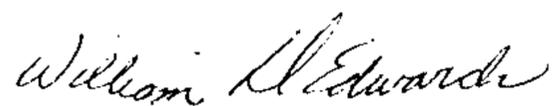
Compliance

As part of obtaining reasonable assurance about whether Town of Gibsland's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Gibsland's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of Town of Gibsland, in a separate letter dated November 19, 1999.

This report is intended for the information of the district, the Legislative Auditor, and any interested federal and state agencies. However, this report is a matter of public record and its distribution is not limited.



William D. Edwards, CPA
November 19, 1999

TOWN OF GIBSLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 1999

I have audited the financial statements of Town of Gibsland as of and for the year ended June 30, 1999, and have issued my report thereon dated November 19, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of November 19, 1999 resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance Unqualified Qualified
 For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

3. Identification of Major Programs:

| CFDA Number(s) | Name of Federal Program (or Cluster) |
|----------------|--------------------------------------|
| N/A | |
| | |
| | |

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

TOWN OF GIBSLAND
SUMMARY OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 1999

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

98-1. For the year ended June 30, 1998, the Sewer Fund actual expenses exceeded budgeted expenses by more than 5%.

Recommendation: I recommend that the Town periodically review actual to budget and amend its budget as needed.

Conclusion: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Town of Gibsland

P.O. Box 309
Gibsland, Louisiana 71028
Telephone (318) 843-6141

ODIS ODELL KEY, Mayor

CORRECTIVE ACTION PLAN For the Year Ended June 30, 1999

Town of Gibsland hereby submits the following corrective action plan as referenced in the management letter:

- 99-1. Town of Gibsland has implemented a new process which started in September, 1999. The recommendation and our new process will be discussed at our next board meeting.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of ICPA'S

MANAGEMENT LETTER

*I have audited the financial statements of Town of Gibsland as of and for the year ended June 30, 1999, and have issued my report thereon dated November 19, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.*

As part of my examination, I have issued my report on the financial statements, dated November 19, 1999, and my report on internal control and compliance with laws, regulations, and contracts, dated November 19, 1999.

During the course of my examination, I became aware of the following matter which represent immaterial deviations of compliance or suggestions for improved controls.

Suggestion 99-1. During my fieldwork, I could not trace transactions from the daily cash receipts of the Water and Sewer funds directly to individual deposit slips and then to the bank account. This was the result of the grouping of receipts in an effort to split the water portion from the sewer portion of the checks, even though each of these checks include both water and sewer payments. In addition, some cash receipts do not get deposited to the proper bank account. I recommend that management make daily deposits to one of the utility accounts and then transfer the portion due to the other utility fund based on the distribution shown on the daily cash receipts summary. Also the individual receipts for non-utility receipts should be identified clearly, and deposited to the proper bank account.

I recommend management address the foregoing issue as an improvement to operations and the administration of public programs. I am available to further explain the suggestion or help implement the recommendation.



William D. Edwards, CPA
November 19, 1999